

Message Text

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ACTION EB-07

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 3500

INFO AMCONSUL CALGARY

AMCONSUL MONTREAL

AMCONSUL VANCOUVER

AMCONSUL WINNIPEG

ALL OTHER CANADIAN CONSULS

UNCLAS OTTAWA 03996

PASS AGRICULTURE

E.O. 11652:N/A

TAGS: ELTN, CA, PINT

SUBJECT: RAILROAD ABANDONMENT IN THE PRAIRIES

1. REPORT AND RECOMMENDATIONS OF THE HALL COMMISSION ON GRAIN HANDLING AND TRANSPORTATION, TABLED IN THE HOUSE OF COMMONS MAY 16, CALLS FOR LARGE-SCALE ABANDONMENT OF RAILWAY BRANCH LINES ON THE PRAIRIES AND FOR GOVERNMENTAL OPERATION OF MUCH OF THOSE WHICH WOULD REMAIN. COMMISSION WAS APPOINTED IN 1975 TO INQUIRE INTO IMPLICATIONS OF RAIL ADJUSTMENTS, INCLUDING ABANDONMENT, ON THE GRAIN DELIVERY SYSTEM AND CONSEQUENT IMPACT ON PRAIRIE COMMUNITIES. SPECIFICALLY, IT WAS TO CONSIDER 6283 MILES OF BRANCH LINES WHICH THE RAILROADS WOULD HAVE BEEN ALLOWED TO ABANDON ON JUNE 30, 1977. ITS RECOMMENDATIONS (A) WOULD ASSIGN 1813 MILES TO BASIC RAIL NETWORK THAT CARRIERS MUST MAINTAIN THROUGH THE YEAR 2000, (B) WOULD PERMIT ABANDONMENT OF 2165 MILES OVER NEXT FIVE YEARS (INCLUDING 534 MILES IMMEDIATELY AS THEY ARE NOT IN USE), AND

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(C) WOULD ALLOW TRANSFER OF 2344 MILES OF LINE TO A NEW PRAIRIE RAIL AUTHORITY (PRA) WHICH WOULD OPERATE THESE IN RELATION TO CHANGES IN GRAIN ELEVATOR SYSTEM. REPORT ALSO CALLED FOR ADEQUATE COMPENSATION OF RAIL CARRIERS FOR MOVING GRAIN AND CARRIER ASSUMPTION OF FULL RESPONSIBILITY FOR MAINTENANCE AND UPGRADING OF ALL LINES ON THE BASIC RAIL NETWORK. BRANCH LINE SUBSIDIES AS SUCH WOULD BE

DISCONTINUED AND PRA EXPENDITURES WOULD BE CONSIDERED
A COMMODITY SUBSIDY.

2. COMMENT: PUBLICATION OF THIS REPORT WILL PROBABLY STIR
UP MAJOR POLITICAL DEBATE AS PRAIRIE PROVINCES TAKE VERY
SENTIMENTAL VIEW OF IMPORTANCE RETAINING AND OPERATING ALL
RAIL INFRASTRUCTURE NO MATTER HOW DENSE NETWORK IS.
SASKATCHEWAN GOVERNMENT LIKELY TO LEAD OPPOSITION AS IT HAS
COMMENCED STUDIES THAT FIND LARGE NUMBER OF SMALL
COMMUNITIES (AROUND GRAIN ELEVATORS) LIKELY TO BE DEPRIVED
OF BASIS FOR EXISTENCE IF LINES ABANDONED. BASED ON
PRESS COMMENTS OF TRANSPORT MINISTER LANG, IT APPEARS
LIKELY FEDERAL GOVERNMENT, WHILE IT HAS NOT YET ENDORSED
THE RECOMMENDATIONS RE ABANDONMENTS, WILL DO SO (BUT NOT
EXTRANEIOUS COMMENTS RE FREIGHT RATES AND INDUSTRIALIZATION
OF WEST). IT WILL PROBABLY ANNOUNCE NEW PROGRAMS TO
FURTHER ASSIST THE CARRIERS IN MAINTAINING AND DEVELOPING
THE BASIC RAIL NETWORK, AS WELL AS TO ASSIST THE PROVINCES
THROUGH FUNDS FOR HIGHWAY STRENGTHENING SO THAT TRUCKS
MAY BE USED FOR DELIVERIES TO LARGER, MORE CENTRALLY
LOCATED ELEVATORS. DOMINANT FEDERAL CONSIDERATION (WITHIN
FRAMEWORK OF 1975 NATIONAL TRANSPORT POLICY STATEMENT,
SEE OTTAWA A-440, JUNE 30, 1975) MAY THUS BE EFFICIENCY
OF TRANSPORT WHILE THE PROVINCES WILL EMPHASIZE SOCIAL
CONSIDERATIONS. HOWEVER, FEDERAL GOVERNMENT, IN MOVE TO
STRENGTHEN WEAK LIBERAL POSITION IN AREA, WILL ALSO BE
ATTEMPTING TO SHOW THAT IT IS CONCERNED WITH SOCIAL
CONSEQUENCES OF ABANDONMENT. WHAT PROGRAMS IT WILL
DEVELOP IN THIS AREA AND HOW SUCCESSFUL POLITICALLY IT
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WILL BE IN SELLING THEM REMAINS TO BE SEEN. BASIC WESTERN
DISTRUST OF RAILWAY COMPANIES, BE THEY PRIVATE LIKE CP
OR PUBLIC LIKE CN, IS A BASIC FACTOR WHICH TRUDEAU GOVERN-
MENT KNOWS IT MUST TAKE INTO ACCOUNT. IT MAY HAVE TO BEND
ITS GENERAL TRANSPORT POLICIES TO DO SO.

3. COPIES OF SUMMARY OF HALL COMMISSION REPORT BEING
FORWARDED BY AIRGRAM TO DEPARTMENT, AS WELL AS TO CALGARY,
WINNIPEG AND VANCOUVER. ENDERS

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